

Draft Budget 2017-2018 Policy Changes

29 March 2017

1. CREDIT CONTROL and DEBT COLLECTION POLICY

Clause 2.5 read as follows:

2.5 In Deceased Estates the following:

The municipality reserves the right to terminate all services after death if the account fall into arrears or no new application for services is received.

An account for services may be opened in the name of the occupant/tenant/beneficiary (the application for services needs to be accompanied by the registered owner's death certificate).

no indigent subsidy will be approve if owner is deceased, unless the tenants/occupants qualifies in terms of the Indigent Policy and acceptable arrangements is made

Clause 2.5 was amended and should read as follows:

2.5 In Deceased Estates the following:

The municipality reserves the right to terminate all services after death if the account fall into arrears or no new application for services is received.

An account for services may be opened in the name of the occupant/tenant/beneficiary (the application for services needs to be accompanied by the registered owner's death certificate **and affidavit of date of occupation**)

No indigent subsidy will be approved if owner is deceased, unless the tenants/occupants **qualify** in terms of the Indigent Policy and acceptable arrangements is made.

Clause 4.4 was inserted and should read as follows:

4.4 **No remission will be given for high water consumption as a result of leakage/vandalism if the building is occupied or regularly utilised for meetings or gatherings.**

Applications for high water consumption as a result of leakage/vandalism in cases where a building is not occupied, or the water pipe is not near the building, will be considered by the Director: Financial Services.

If the application is approved by the Director: Financial Services, an average of the previous 3 months consumption will be used to determine the consumption for the month in which the pipe breakage took place.

- 4.4 A Consumer may qualify for a percentage reduction on his/her account in the event of a water leakage, if:
- a) the leakage was underground or under the foundation of the building and not easily detectable; and
 - b) the leakage was repaired within 48 hours after detection
 - c) the consumer submits a sworn affidavit by him/herself confirming that his/her insurance(s) does not cover such losses; and
 - d) a written confirmation from the consumer's insurance must also be submitted together with the sworn affidavit in which they confirm that the Insurance Policy of the consumer indeed does not cover any losses due to leakages; and
 - e) the consumer has not applied for discount within the previous 12 months;
 - f) an authentic certificate issued by a registered plumber must reach the Municipality within 10 days after completion of repairs done with respect to a water leakage and must contain the following:
 - i) the date of the invoice and repair work as well as the receipt; confirmation that surface leakage was not visible; certify that the leakage originated from pipes listed of approved pipes held by Technical services
 - ii) water lost due to the meter being stolen, defective irrigation, broken geyser, leaking toilet or leaking tap cannot be considered for write off;
 - iii) council may only allow a write off, of 60% of the losses and to the maximum of R25,000.00

Clause 5.1.3 read as follows:

- 5.1.3 Any amounts over 30 days must be reported to the Chief Financial Officer. The consumer must be notified that should the account not be paid WITHIN 48 HOURS FOR BUSINESSES AND 7 DAYS FOR RESIDENTIAL CONSUMERS the service(s) will be disconnected / restricted or prepaid water meter may be installed. It is the Finance Department's responsibility to notify the Engineering Department thereafter to the Town Manager of the relevant cut-offs (subject to compliance with Water & Service Electricity Acts).

Clause 5.1.3 was amended and should read as follows:

- 5.1.3 Any amounts over 30 days must be reported to the Chief Financial Officer. The consumer must be notified that should the account not be paid WITHIN 48 HOURS FOR BUSINESSES or 14 (Fourteen) DAYS FOR RESIDENTIAL CONSUMERS the service(s) will be disconnected / restricted or prepaid water

meter may be installed. It is the Finance Department's responsibility to notify the Engineering Department thereafter to the Town Manager of the relevant cut-offs (subject to compliance with Water & Service Electricity Acts).

Clause 6.1.1 read as follows:

6.1.1 No interest to be charged on consumer accounts in the name of Theewaterskloof Municipality with the exception of rental contracts. That household consumers with total earnings of less than R5 000 per month be given grace-period until the last working day of the month to pay their monthly accounts.

Conditions:

- They must apply in writing on a prescribed form.
- If they fail to settle by the prescribed date, they will be disqualified.

Clause 6.1.1 was amended and should read as follows:

6.1.1 No interest to be charged on consumer accounts in the name of Theewaterskloof Municipality with the exception of rental contracts.

6.1.2 Household consumers with total earnings of less than R5 000 per month be given grace-period until the last working day of the month to pay their monthly accounts.

Conditions:

- They must apply in writing on a prescribed form.
- If they fail to settle by the prescribed date, they will be disqualified.

5.1.13 Query or verify of Consumer accounts

1) Query or verify

- (a) To query or verify an account refers to the instance when a debtor queries any specific amount or any contend contained in any account as rendered by TWK to that personas per the process contained herein;
- (b) When a debtor queries an account such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with TWK Municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by TWK;
- (c) All queries shall be acknowledged and dealt with as promptly and efficiently as possible by TWK Municipality
 - (i) Where required an outcome shall be conveyed to the debtor; and
 - (ii) Where an account query has arisen, the amount queried shall not be subject to the debt collection by TWK until the query has been resolved and the outcome has been communicated to all parties, where relevant;
- (d) The Municipal Manager may suspend any debt collection action, pending the outcome of any query;

- (e) Notwithstanding any query on any account the account must still be paid, in terms of the provisions contained in the policy, once any queries have been resolved, where relevant; or
- (i) Subject to any other legislation, payment must be based on the normal average of past accounts rendered until the query is resolved by the Municipal Manager; and
- (ii) That portion of the account which is not subject to the query must still be paid; and
- (f) Should a debtor not be satisfied with the outcome of the query, a debtor may lodge an appeal in terms of section 62, as read with Section 95 (f), of the Municipal Systems Act;
- (g) The onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with TWK; and
- (h) The onus will be on the debtor to ensure that a suitable response to any query is received.

2) General

- (a) The Municipal Manager may require that any official attend any meeting in order to assist with the investigation relating to the facts surrounding any query, verification of any account or any dispute; and
 - i) The Municipal Manager has the right to call for any document, book, and computer data or record which in his or her sole discretion is deemed necessary to assist in attempting to deal with any issue referred to in this policy.
 - ii) Failure to produce any information as required in terms of sub-item (i) may result in restriction, disconnection or discontinuation of any supply of services, or any relevant action in terms of this policy.

Clause 9.2.1 was amended and should read as follows:

- 9.2.1 Notice will be given by letter of demand, electricity and water notice, or sms to every owner or consumer, who is in arrears with **his/her** municipal account,

Clause 9.2.2 read as follows:

9.2.2 However, within seven (7) calendar days after each monthly due date for payment of municipal accounts for property rates and/or service charges, the municipal manager shall send out to every defaulting accountholder, that is, every accountholder who as at the date of the notice not paid the monthly account in full or has not made an acceptable arrangement with the municipal manager for partial or late payment, a notice stating that unless full payment is received or an acceptable arrangement made with the municipal manager for partial or late payment, the municipal water and electricity supply of the property to which the account in arrears

relates, shall be terminated or restricted seven (7) calendar days after the date of the notice for residential properties and 48 hours for businesses. Disconnections/restrictions will not be affected on Friday to Sunday or any day on / before a Public Holiday. It shall be specifically recorded that the water connection for residential consumers shall not be disconnected, instead it will be restricted.

Clause 9.2.2 was amended and should read as follows:

9.2.2 However, within seven (7) calendar days after each monthly due date for payment of municipal accounts for property rates and/or service charges, the municipal manager shall send out the letter of demand to every defaulting **account holder. Every defaulting account holder who** as at the date of the notice not paid the monthly account in full or has not made an acceptable arrangement with the municipal manager for partial or late payment, a notice stating that unless full payment is received or an acceptable arrangement made with the municipal manager for partial or late payment, the municipal water and electricity supply of the property to which the account in arrears relates, shall be terminated or restricted seven (7) calendar days after the date of the notice for residential properties and 48 hours for businesses. Disconnections/restrictions will not be affected on Friday to Sunday or any day on / before a Public Holiday. It shall be specifically recorded that the water connection for residential consumers shall not be disconnected, instead it will be restricted.

Clause 11 was amended and should read as follows:

11. Deposits of defaulters may be adjusted or recalculated to cover at least two ~~and a half~~ times the estimated consumption and basic fees for the services of water, electricity, refuse and sewerage. The minimum deposits required shall be approved with the tariff and charges annually. The deposits will be applied to defaulters and new owners.

Clause 17.1.3 read as follows:

17.1.3 Municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties for a minimum of three (3) months or as determined in the application request from the Attorneys.
In terms of section 118 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) it is hereby certified that all amount that became due to Theewaterskloof Municipality in connection with the under mentioned property situated within the municipality for municipal service fees, surcharges on fees, property rates and other municipal

taxes, levies and duties during the 2 (two) years preceding the date of application for this certificate, have been fully paid.

If however there is still an amount outstanding debt on a said stand, which remains a charge upon the property by virtue of Sec 118 (3) of Systems Act and is deemed to recoverable from any owner at the time legal proceedings.

Clause 17.1.3 was amended and should read as follows:

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In terms of section 118 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) it is hereby certified that all amount that became due to Theewaterskloof Municipality in connection with the under mentioned property situated within the municipality for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the 2 (two) years preceding the date of application for this certificate, have been fully paid.

If however there is still an amount outstanding debt on a said property which remains a charge upon the property by virtue of Section 118 (3) of Systems Act and is then deemed to be recoverable from any owner at the time through instituting legal proceedings.

Municipal debts include: debts up to 30 years old for rates, refuse and sewer charges; and debts up to 3 years old for electricity and water consumption.

Section 118 (1) refers to debts incurred within the “two years” prior to the application for a clearance certificate. Such debt must be paid in full, failing which the municipality can exercise a restraint on the transfer of the property until the debt is settled. Such a provision is known as a veto or embargo provision.

Section 118 (3), creates a charge over the property in favour of the municipality. In addition Section 118 (3) gives the municipality a “preferent” right which ranks higher than that of the Bank in respect of mortgaged property.

The Municipality can take legal action against the present owner of a property for any municipal debts owing by that owner and any previous owner of that property, provided the amounts have not prescribed and that all by-laws have been complied with. It can include debts up to 30 years old (for rates, refuse and sewer charges) and 3 years old (for electricity and water consumption), including debts of more than one previous owner. Such legal action would entail suing the new owner for the old owners debt and attaching and selling the property itself, which stands as security in terms of Section 118 (3).

The municipality's right to claim the proceeds of the sale of property trumps the banks right to claim what is owed in terms of the mortgage bond. Consequently the banks risk assessment of purchasers of immovable property can never be accurately done, as it cannot realistically assess the risk that the purchaser may be called upon to settle the debts of previous owners.

If however there is still an amount outstanding debt on a said stand, which remains a charge upon the property by virtue of Section 118(3) of the Systems Act and is deemed to be recoverable from any owner at the time of legal proceedings.

2. WRITING-OFF OF IRRECOVERABLE DEBT POLICY

Clause 4.7 read as follows:

- 4.7 Council to only consider writing off debts by indigent consumers who have been classified as indigent consumers for more than 3 (three) months.

Clause 4.7 was deleted:

Clause 5.1.1 was amended and should read as follows:

Indigent household consumers

- 5.1.1 Upon approval for registration as a ~~first-time~~ indigent household's consumer, the debtor's outstanding balance will ~~only~~ be considered for write-off ~~after 3 months and~~ upon confirmation of indigent status.

Clause 5.3 read as follows:

CONDITIONS:

- Immediate settlement is the due date determined in the letters of demand (usually seven days from date of letter)

Clause 5.3 was amended and should read as follows:

CONDITIONS:

- Immediate settlement is the due date determined in the letters of demand (usually **seven working days** from date of letter)

3. INDIGENT POLICY

Clause 1.1 read as follows:

Chapter 2: Indigent Policy

1. Qualifying as an indigent

To qualify applicants should meet all the following criteria:

- 1.1 A household where the combined or joint gross income of all occupants/residents/dependants, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee). The "Spouse support/Care Grant" or "Child support Grant" should not be added to the Indigent Qualifying income threshold.

Clause 1.1 was amended and should read as follows:

To qualify applicants should meet all the following criteria:

- 1.1 A household where the combined or joint gross income of all occupants/residents/dependants, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee). ~~The "Spouse support/Care Grant" or "Child support Grant" should not be added to the Indigent Qualifying income threshold.~~

The following grants should not be added to the qualifying income threshold:

- (a) grant for older persons;
- (b) disability grant;
- (c) war veterans grant;
- (d) care dependency grant;
- (e) foster child grant;
- (f) child support grant;
- (g) grant-in-aid;
- (h) social relief of distress

Clause 1.11 was inserted and should read as follows:

1.11 Seasonal workers will qualify for this subsidy while not employed.

Clause 1.12 was inserted and should read as follows:

1.12 An occupier of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents may qualify for Indigent Subsidy.

Clause 1.13 was inserted and should read as follows:

The qualification criteria for old age homes in order to receive indigent assistance are as follows:

- i) A 50% indigent assistance when more than 50% of the residence within an old age home receives twice than the monthly grant for elderly persons; and
- ii) A 40% indigent assistance when between 40% and 50% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iii) A 30% indigent assistance when between 30% and 40% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iv) A 20% indigent assistance when between 20% and 30% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and

- v) A 10% indigent assistance when between 10% and 20% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vi) A 5% indigent assistance when between 0% and 10% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vii) An application on the prescribed form, fully completed with the required information and signed, must be provided.

Clause 3 read as follows:

Period for qualification

- 3.1 The period for implementation of the indigent policy is to be determined by the council during its budgetary process.

Indigent Households must inform Council of their status when it has changed.

The onus is on the indigents to ensure that they visit council's offices annually be end of their 12 months period of subsidy as to declare their indigence status, or to engage the Ward Committees / Ward Councillor to review the status. Notification will be sent to every individual indigent consumer two months before their subsidy expires.

Clause 3 was amended and should read as follows:

Period for qualification

- 3.1 The period for implementation of the indigent policy is to be determined by the council during its budgetary process.

Indigent Households must inform Council of their status when it has changed.

The onus is on the indigents to ensure that they visit council's offices annually be end of their 12 months period of subsidy as to declare their indigence status, or to engage the Ward Committees / Ward Councillor to review the status.

Indigents receiving a grant for older persons must confirm existence status annually.

Notification will be sent to every individual expired indigent consumer two months before their subsidy expires.

Clause 4.6 was amended and should read as follows:

- 4.6 If a prepaid / **Smart** (inserted) meter is installed at low-cost housing schemes,

no deposit or connection fees for water and electricity are payable (inserted)
for the first installation.

Clause 4.7 was inserted and should read as follows:

4.7 Old Age Homes

Water services:

- i) A 50% indigent assistance when more than 50% of the residence within an old age home receives twice than the monthly grant for elderly persons; and
- ii) A 40% indigent assistance when between 40% and 50% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iii) A 30% indigent assistance when between 30% and 40% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iv) A 20% indigent assistance when between 20% and 30% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- v) A 10% indigent assistance when between 10% and 20% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vi) A 5% indigent assistance when between 0% and 10% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vii) An application on the prescribed form, fully completed with the required information and signed, must be provided.

Sanitation:

- i) A 50% indigent assistance when more than 50% of the residence within an old age home receives twice than the monthly grant for elderly persons; and
- ii) A 40% indigent assistance when between 40% and 50% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iii) A 30% indigent assistance when between 30% and 40% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iv) A 20% indigent assistance when between 20% and 30% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- v) A 10% indigent assistance when between 10% and 20% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vi) A 5% indigent assistance when between 0% and 10% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vii) An application on the prescribed form, fully completed with the required information and signed, must be provided.

Refuse removal:

- i) A 50% indigent assistance when more than 50% of the residence within an old age home receives twice than the monthly grant for elderly persons; and
- ii) A 40% indigent assistance when between 40% and 50% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iii) A 30% indigent assistance when between 30% and 40% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- iv) A 20% indigent assistance when between 20% and 30% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- v) A 10% indigent assistance when between 10% and 20% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vi) A 5% indigent assistance when between 0% and 10% of the residence within the old age home receives less than twice the monthly grant for elderly persons; and
- vii) An application on the prescribed form, fully completed with the required information and signed, must be provided.

7.6 read as follows:

- 7.6 Prepaid water meters or flow restrictors may be installed at approved indigent household to ensure that the monthly free 6kl water consumption is not exceeded. Low cost / RDP / subsidised houses may be fitted with prepaid water meters.

Clause 7.6 was amended and should read as follows:

- 7.6 Prepaid / **Smart (inserted)** water meters or flow restrictors may be installed at approved indigent household to ensure that the monthly free 6kl water consumption is not exceeded. The prescribe application form must be signed to indicated the preference on the amount of water flow per day to be restricted.
Low cost / RDP / subsidised houses may be fitted with prepaid / **Smart (inserted)** water meters.

4. RATES POLICY

Clause 3.4 was added as it was previously numbered incorrectly

Clause 7 read as follows:

7. PROPERTIES USED FOR MULTIPLE PURPOSES

Rates on properties used for multiple purposes will be levied according to the dominant use if the apportioning of the market value of the property is not determined.

Clause 7 was amended and should be read as follows:

7. PROPERTIES USED FOR MULTIPLE PURPOSES

Rates on properties used for multiple purposes will be levied according to the tariffs associated with the different categories/uses as determined in the valuation roll.

Clause 10.2.3 read as follows:

10.2.3 Special Nature reserve, National park or nature reserve within the meaning of Protected Areas Act

Which are not developed or used for commercial, business, agricultural or residential purposes (Refer to Section 17(1)(e)).

Clause 10.2.3 was amended and should be read as follows:

10.2.3 Special Nature reserve, National park or nature reserve within the meaning of Protected Areas Act

Which are not developed or used for commercial, business, agricultural or residential purposes (Refer to Section 17(1) (e)). The proclamation of the nature reserve must be published in the Provincial Gazette.

Clause 10.3 was deleted:

~~Exemptions will be subject to the following conditions:~~

~~10.3.1 All applications must be addressed in writing to the Municipality in the prescribed manner or application form;~~

- ~~10.3.2 A SARS tax exemption certificate must be attached to all applications;~~
- ~~10.3.3 The Municipal Manager or his/her nominee must approve all applications;~~
- ~~10.3.4 Applications must reach the Municipality before the end of September
preceding the start of the new Municipal Financial year for which relief is
sought; and~~
- ~~10.3.5 The Municipality reserves the right to refuse exemptions if the details supplied
in the application form are incomplete, incorrect or false.~~

Clause 11.4: renumbering of the subsections was done

5. SHORT TERM INSURANCE POLICY

- Policy attached